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Daifuku Webb revenue jumps, spurred by sales of smart carts

By [Chad Hukman](#)



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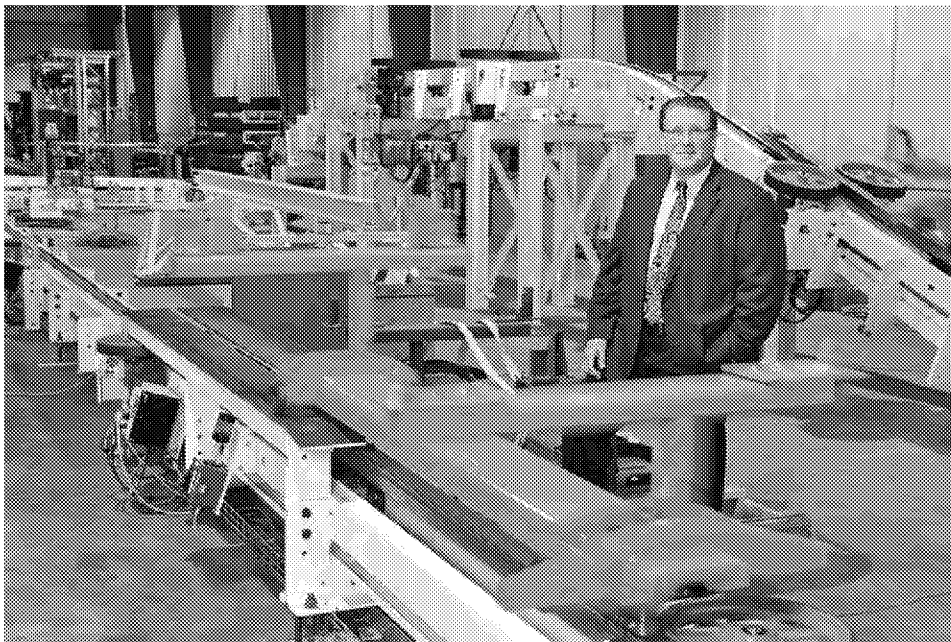
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JOHN SOBCHAK

CEO Brian Stewart stands amid a friction drive system, which along with the smart cart has helped boost company revenue.

New technology, a fresh mix of products and customers and a strong comeback among U.S. automakers are driving growth for conveyor and baggage systems maker Daifuku Webb Holding Co. in Farmington Hills.

The company's expansion into automated guided vehicles, or smart carts, that ferry equipment along magnetic tape paths, has spurred sales to its manufacturing and warehousing customers, said Brian Stewart, who in April became president, chairman and CEO of the holding company for various U.S. subsidiaries of Osaka, Japan-based Daifuku Co. Ltd., including Jervis B. Webb Co.

But Stewart also estimates its traditional automotive industry customer base has recently grown to account for about 30 percent of sales volume.

That's a far cry from the lowest ebb of the global recession and bankruptcy reorganizations of Chrysler and General Motors in 2009. Back then, auto was only about 1 percent of revenue, and not a single order had come from that industry worth over \$100,000.

But in 2012, Daifuku Webb reported revenue of \$487.6 million, up from \$364.9 million in 2011, and Stewart expects the company this year will crest the half-billion mark

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experts and company are just the start and not the end of it.

Some of the growth comes via acquisitions -- Daifuku Webb in late 2012 acquired Texas airport equipment operations and maintenance company Elite Line Services LLC from G&T Conveyor Co. Inc., and reported its first full year of revenue from Logan Teleflex Inc., the U.S. portion of a company Daifuku Co. acquired in 2011.

But Stewart said only two months of Elite Line revenue was reportable to Daifuku Webb for 2012 and that Logan Teleflex is a small portion of the company's total business.

"So a lot of the growth (in 2012) is organic. Our general view about acquisitions is they offer a new segment addition onto our larger business and they are just that -- additions," he said.

Most of a \$60 million contract that Jervis Webb landed with Chrysler Group LLC to install an inverted friction drive system at the Chrysler Sterling Heights Assembly Plant will be reported as 2013 revenue, building on the growth trend.

Outside of automotive, Stewart estimates another 30 percent of revenue is in building and installing airport conveyor and baggage handling systems (exclusive of Elite Line, which handles operations and maintenance at airports), and the rest is a mix of customers in other industries. Examples include food and beverage, warehousing and logistics companies, retail and other non-automotive manufacturers.

The company just completed an equipment upgrade for the Harley-Davidson Inc. plant in York, Pa., in early 2012, and the Chrysler drive system should be finished by the end of this year. Stewart said the airport business segment has seen some growth in recent years, both because of new post-9/11 security checkpoint measures and facility modernizations.

Daifuku Webb has nearly 2,000 employees nationwide, of which 380 are housed at the headquarters it shares with Jervis Webb in Farmington Hills and about another 150 at northern Michigan plants in Boyne City and Harbor Springs.

Other locations of the company's Jervis, Logan, Elite Line and Daifuku America Corp. subsidiaries are in Ohio, South Carolina, Arizona, Utah and Ontario.

Daifuku Webb has hired 100 employees in Farmington Hills since early 2012, though that figure is a mix of growth and turnover, and Daifuku Webb has seven job openings for engineers and program managers.

"Sometimes when automotive has been in a growth mode, we usually have some people we can bring over from airport and baggage handling," Stewart said. "Then when that industry has new orders of its own, we can bring over some of our automotive people. But when both industries are up at the same time, that's when you need to hire another 100 people like we've done."

Automotive is also driving some growth at Taylor-based Dearborn Mid-West Conveyor Co., where revenue reached \$155 million in 2012 compared with \$110 million in 2011, according to Michael Paisley, controller of the company's Michigan Group.

Paisley estimates that sales are about a 70-30 percent mix of the automotive industry and all other segments -- the company's Kansas Group makes bulk handling conveyor systems for the mining and energy industries and other manufacturing customers, such as Tampa Electric, Nucor Corp. and Novi engineering/construction management company Patrick Engineering Inc.

Like Stewart, Paisley said automotive is seeing rapid growth as light vehicle production grows -- U.S. sales are projected to approach 15 million in 2013, according to Southfield-based trade journal Ward's Automotive -- but the market remains competitive as he competes with companies like Jervis Webb, Sterling Heights-based Fata Automation Inc. and others for each new automotive order.



The primarily automotive Michigan Group of Dearborn Mid-West saw \$105 million revenue in 2012, up from \$92 million in 2011, and is projected to top \$110 million this year. Paisley said orders for mining and energy customers have also been on a rebound after a relative lull in the market about five years ago.

"A lot of the growth is also in staying within the customer base we have, but also offering new customers within those markets," he said. "Prior to about two years ago, we never had in tooling, for



CHAD HALCOM/CDB

Brian Stewart, president, chairman and CEO of Daifuku Webb Holding Co., shows off the company's automated guided vehicle, or "smart cart."

example, and we've done very well in some new business with that for General Motors."

Fata has completed some automotive work in Mexico, is completing an installation for GM in Wentzville, Mo., and hopes to land a new conveyance system job for the automaker at a paint shop in Fairfax, Va., said Fata sales director Steve Weston. But that work is also updates to existing plants, rather than automakers reopening or building new ones, he said.

Stewart also said new products are helping to expand business for Daifuku Webb. The company began developing automated guided vehicles that move equipment along magnetic tape paths on the factory floors, over the last decade, as part of the Harley-Davidson upgrade. They're also being used as part of a recent handling system installation for the warehousing operations of Macy's Inc. in California.

Friction drive systems, which use drive wheels instead of the more traditional but noisier chain-based conveyor system that has been a Webb product in factories for decades, are growing in popularity and are part of the SHAP plant installation in Sterling Heights, he said.

Daifuku Co. acquired Jervis B. Webb in 2007. Stewart said the parent company received a \$50,000 investment from Jervis C. Webb, son of the company's founder, back in 1952 when Daifuku also reached a 50-year licensing deal that ran through 2002. Daifuku grew that relationship with Webb into a \$40 million-plus line of business within the parent company.

Stewart said the company's mix of customers keeps it insulated but not impervious to business cycles in different industries.

"I've been in this business over 33 years, and I've never seen a downturn in (the economy) happen the same way twice," he said. "But if you are diversified and service a number of industries, then whenever a downturn does happen, you aren't hit as hard by one market."

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